

Mass sackings in South Korea

## Hyundai workers strike over layoffs

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Some 36,000 workers at South Korea's biggest car maker, Hyundai, struck for 24 hours on Tuesday after the government of Kim Dae Jung accepted the company's plan to terminate 4,830 workers on July 30.

Hyundai has already destroyed 5,000 jobs through voluntary retirements and last month announced its intention to axe 10,000 more jobs from its 46,000-strong workforce by the end of the year.

The company blamed the latest sackings on a 55 percent plunge in its domestic car sales. Hyundai holds nearly 50 percent of the domestic market.

The Labour Ministry's acceptance of the decision signals a new wave of mass sackings in South Korea. Hyundai is the first of the country's large conglomerates or chaebol to press ahead with forced retrenchments since the trade unions signed an agreement with the government in February to effectively end the system of 'lifelong employment'.

Other major companies, including Daewoo and Samsung, are expected to soon follow suit as exports and sales continue to slump. Another 30,000 jobs will go from 55 insolvent corporations ordered by the government to close by the latter half of this year.

In calling the one-day Hyundai strike, the Korean Confederation of Trade Unions (KCTU) expressed concern that the sackings could spark opposition among workers that the union and the government could not contain.

KCTU spokesman Yoon Yung-mo said a committee set up by the government to forge agreement between employers and unions on lay-offs might collapse if the sackings go ahead.

[If that happens] the government could not say it had everything under control. There are already tensions building up and this could put the situation out of control.'

Early last month the KCTU called off national strike action against lay-offs and rising unemployment following closed-door negotiations with the government. In effect, the union gave the green light for mass sackings to go ahead.

Under the agreement reached, the KCTU is moving towards participation in a Tripartite Commission, together with representatives of big business, government, opposition parties, and the conservative Federation of Korean Trade Unions (FKTU). The union will sit on labour-management councils in every industry and economic sector.

Widespread job losses are also threatened in the banking industry as the government shuts insolvent banks. This week thousands of employees of five banks due for liquidation and merger staged sit-ins around the country.

Fearing that as many as 9,500 jobs could be lost, the workers -- unionists and non-union -- locked themselves in offices and closed down computerised networks, paralyzing the banks' operations.

Further occupations are threatened unless the government postpones the closures and guarantees the jobs. The government has declared it will arrest workers who obstruct financial regulators or prevent officials of other banks carrying out takeover transactions.

Riot squads have been deployed around bank head offices and branches and 400 riot police have surrounded Myeongdong Cathedral in central Seoul where 1,200 workers from the Daedong Bank in Taegu are staging a sit-in.

The five banks -- Daedong Bank, Dong Nam Bank, Donghwa Bank, Kyungki Bank and Chungchong Bank -- were among 12 financial institutions which failed to meet the 8 percent capital adequacy ratio set by the

Bank for International Settlements (BIS).

The government has already closed 14 troubled merchant banks this year in an attempt to stabilise the shaky financial system. Seven more banks -- Cho Hung, Commercial Bank of Korea, Hanil, Korea Exchange, Kangwon, Chungbuk, and Peace Bank of Korea -- could also close.

Unemployment in South Korea has soared from 2.3 percent to 7 percent since the economic crisis began last year and is expected to reach 2 million or 9.5 percent by the end of the year.

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